



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

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Second District

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Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

January 7, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum contains information on: the Governor's plan to call the Legislature into a special emergency session; a summary of the Governor's State of the State address; an update on County-sponsored legislation to remove the restriction that regular Board of Supervisors meetings are held in the County seat; and information on a County-supported legislation which would have enacted the Water Supply Reliability and Ecosystem Recovery Act of 2009 and would qualify California for Federal Race To The Top funding.

State Fiscal Emergency for FY 2009-10

Governor Schwarzenegger has indicated that he intends to call the Legislature into a special emergency session to address an estimated \$6.6 billion deficit in the current year. It is anticipated that the Governor's proclamation will be issued on January 8, 2010 when he unveils his FY 2010-11 Proposed Budget which, absent corrective action, is projected to include a \$13.3 billion deficit. According to the Governor, the State is facing an estimated \$19.9 billion deficit through June 30, 2011.

Pursuant to Proposition 58 of 2004, the California Balanced Budget Act, upon the Governor's declaration of a fiscal emergency, the Legislature will have 45 days to enact legislation to address the State's fiscal emergency, or it will be prohibited from acting on any other bills or adjourning in joint recess until such legislation is passed.

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State of the State Address

Yesterday, Governor Schwarzenegger addressed a joint session of the Legislature on the 2010 the State of the State. The Governor thanked the Legislature for their hard work and for making difficult decisions to close the \$60.0 billion budget shortfall in 2009. He also cited two accomplishments of the Legislature: enacting legislation to ensure that Californians have safe, clean water, and the Assembly's passage of Race To The Top Legislation to improve the State's low-performing schools and to tie student outcomes to teacher performance.

The Governor outlined the following priorities for 2010:

- **Improve the Economy and Create Jobs** – The Governor proposes \$500 million to train 140,000 workers and create 100,000 jobs, streamline regulations for ground ready projects to create jobs and stimulate the economy, extend the Home Buyer Tax Credit, eliminate sales taxes on manufacturing of green technology equipment, and eliminate frivolous lawsuits on small businesses.
- **Tax and Budget Reform** – The Governor urges the Legislature to enact reforms recommended by the Commission on the 21st Century Economy to modernize and stabilize the State's tax structure and adopt performance-based budgeting as proposed by California Forward.
- **Pension Reform** – The Governor proposes to reform retiree pension formulas for new hires.
- **Fair and Equitable Financial Relationship with the Federal Government** – The Governor proposes to seek reimbursement for unfunded and underfunded Federal mandates and relief from overly restrictive mandates noting that California receives 78 cents for every dollar sent to Washington, D.C.

The Governor noted that the State faces additional cuts to close an estimated \$19.9 billion budget deficit (\$6.6 billion in FY 2009-10 and \$13.3 billion in FY 2010-11). He stated that California spends more for State prisons and parole than for education. He pledged to protect funding for both K-12 and higher education, and announced that he will seek a constitutional amendment to specify that spending on State Corrections may not exceed the amount spent on higher education. The Governor also proposes that the State prisons be administered by a private contractor to reduce State General Fund expenditures and to provide for better management. More details are expected when the Governor releases his FY 2010-11 Proposed Budget.

Status of County-Sponsored Legislation

County-sponsored AB 139 (Brownley), which would have authorized the Los Angeles County Flood Control (District) to implement stormwater fees, upon voter approval consistent with the requirements of Proposition 218, to fund clean water programs and require the District to allocate funds generated by the fee in a specified manner solely for authorized purposes, was amended at the request of the County on January 4, 2010 to delete these provisions. The Sacramento advocates will pursue another legislative vehicle to implement the County's water quality initiative.

AB 139, as amended on January 4, 2010, now contains County-sponsored legislation to remove the restriction that regular meetings of the Board of Supervisors be held in the County seat. This proposal allows the Board of Supervisors to hold meetings in various locations throughout the County to provide residents and stakeholders the opportunity to become engaged in issues that impact the quality of their lives and allow for increased public participation.

AB 139 is scheduled to be heard in the Assembly Local Government Committee on January 13, 2009.

Status of County-Advocacy Legislation

County-supported and amended SB 301 (Florez), which would have enacted the Water Supply Reliability and Ecosystem Recovery Restoration Act of 2009 and authorized the issuance of bonds in the amount of \$15 billion, subject to voter approval, for the purpose of financing specified water supply reliability and ecosystem recovery and restoration programs, was amended on December 17, 2009. The amendments delete the prior version of the bill.

As amended, SB 301 would require the California Department of Fish and Game to conduct a 5-year study to assess interactions between wild and naturally spawned salmon, and to develop hatchery and stream management practices. Because the water provisions were deleted from SB 301, **the Sacramento advocates will remove the County's support and take no position on this measure.**

Race To The Top Legislation

Today, the Governor signed **County-supported SBX5 1 (Steinberg) and SBX5 4 (Romero)** which would allow California to qualify for Federal Race To The Top funding.

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SBX5 1 implements the four policy reforms required under the Federal Race To The Top guidelines: 1) adopting standards and assessments to prepare students for success in college and the workplace; 2) recruiting, developing, retaining, and rewarding effective teachers and principals; 3) developing data systems that measures student success and informed teachers and principals of how they can improve their performances; and 4) turning around the lowest performing schools.

SBX5 4 establishes an Open Enrollment Program which would allow pupils enrolled in a low-achieving school to attend any higher-achieving school in the State and establishes a Parent Empowerment Program to authorize parents to sign a petition to request low-performing schools to implement initiatives to improve student outcomes.

We will continue to keep you advised.

WTF:RA
MR:VE:sb

c: All Department Heads
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